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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 1/9/09

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)
- 4) Joseph Nye appointment as ambassador demonstrates importance that incoming Obama administration attaches to Japan (Mainichi)

Defense and security affairs:

- 5) As Afghan war with terrorists bogs down, Japan will contribute only by providing official development assistance (ODA) (Mainichi)

- 6) Government to assist ISAF in Afghanistan by donating 400 million yen for helicopter repair (Yomiuri)

- 7) Aso government's project team starts discussions of new anti-piracy law that would have relaxed use-of-weapons rules (Sankei)

- 8) Japan-South Korea future-oriented joint research project will start this month (Tokyo Shimbun)

Political scene:

- 9) Clashes in the Lower House Budget Committee between ruling and opposition camps over cash-handout scheme, jobs (Nikkei)
- 10) Prime Minister Aso admits it will be difficult to disburse the proposed cash handouts to the public this fiscal year (Tokyo Shimbun)
- 11) Prime Minister Aso announces scrapping in principle the system of watari or retired bureaucrats hopping from one organization to another, collecting pensions (Nikkei)
- 12) LDP administrative reform task force regrets Aso's decision on

watari that leaves a loophole in the system bureaucrats could take advantage of (Mainichi)  
13) Rebel lawmaker Yoshimi Watanabe, former administrative reform minister turned sour on Aso, will leave the LDP most likely on Jan. 13 (Sankei)

#### Articles:

##### 1) TOP HEADLINES

###### Asahi:

Personal data of all students of Kanagawa prefectural high schools leaks into Internet via file-sharing software

###### Mainichi:

Agriculture Ministry plans project to send workers from urban to rural areas

###### Yomiuri:

Rockets from Lebanon strike Israel

###### Nikkei:

Akio Toyoda to become new Toyota Motor president

###### Sankei:

Spring offensive to focus on work-sharing

###### Tokyo Shimbun:

Implementing cash benefit program within current fiscal year difficult: Aso

TOKYO 00000053 002 OF 010

###### Akahata:

Canon implements massive layoffs despite receiving 5.7 billion yen in subsidies

##### 2) EDITORIALS

###### Asahi:

(1) Expansion of firing of non-permanent workers: Time to rebuild employment system

###### Mainichi:

(1) Diet debate: Deepening contradictions of flat-sum cash-payout plan  
(2) Suspension of gas supply: Russia should refrain from taking strong-armed measures

###### Yomiuri:

(1) DPJ should present alternative budget plan  
(2) Russia's suspension of gas exports exposes vulnerability of Europe

###### Nikkei:

(1) Urge early settlement for gas strife shaking Europe  
(2) Objection to communication minister's order to hold on selling Japan Post's accommodation facilities to ORIX

###### Sankei:

(1) Doctor Akahane freed: Government urged to strengthen safety of private citizens  
(2) Russia's suspension of gas supply to Europe: Russia must fulfill responsibility as a supplier

###### Tokyo Shimbun:

(1) Cash-benefit program: Prime Minister Aso's answers utterly incoherent  
(2) Don't destroy Japanese manufacturers

###### Akahata:

(1) The year to revitalize agriculture

##### 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, January 8

NIKKEI (Page 2) (Full)  
January 9, 2009

06:58

Met with Deputy Chief Cabinet Secretary Matsumoto at the Kantei.

09:00

Lower House Budget Committee meeting.

12:05

Arrived at the Kantei.

13:00

Lower House Budget Committee meeting.

18:00

Met with Vice Foreign Minister Yabunaka at the Kantei.

TOKYO 00000053 003 OF 010

19:09

Met with Matsumoto at a ban in Roppongi.

21:35

Arrived at the private residence in Kamiyama-cho.

4) Nye tapped ambassador to Japan; Attachment of importance to Japan shown by personnel appointments; Establishment of North Korea post also under study

NIKKEI (Page 3) (Almost full)  
January 9, 2009

Kaku Oishi, Washington

The incoming Barack Obama's administration has informally picked a number of officials who will be responsible for foreign affairs. It has tapped Harvard University Professor Joseph Nye to become ambassador to Japan. In addition, it has informally decided to make former Deputy Assistant Secretary of Defense Kurt Campbell the successor to Assistant Secretary of State (for East Asian and Pacific Affairs) Christopher Hill. What makes this lineup unique is that posts associated Japan will be filled by Japan hands. The administration has made clear the importance of Japan through such appointments so as not to worsen relations with Japan, which have somewhat strained due to the delisting of North Korea as a state sponsor of terrorism and over issues.

The establishment of ambassadorial posts for disputed areas is also being studied. Former Middle East envoy Dennis Ross is being mentioned as possible ambassador for the Middle East and former UN Ambassador Richard Holbrooke as special envoy for India and Pakistan.

It is unprecedented that so many major members of the foreign policy team have been determined before an administration is launched. The steps reflect the administration's wishes not only to set forth economic policies to overcome the financial crisis but also to swiftly establish an Obama diplomacy that will flesh out his international cooperation policy line.

Both Harvard University Prof. Nye and Campbell, who is likely to become an assistant secretary of state, are Japan experts. They played major roles in the Nye Initiative that redefined the Japan-U.S. alliance during the Clinton administration.

Having long been associated with Senator Hillary Clinton, who is expected to become the new Secretary of State, the two experts are likely to form a good team with her.

Jeffrey Bader, a China expert, has also been informally nominated as Senior Asia Director at the National Security Council (NSC). Some in Japan have begun expressing concern over possible "Japan passing." The appointment of Campbell seems to be aimed at sweeping away such concern.

Many times, the post of ambassador to Japan has been filled by congressional heavyweights, such as former Vice President Walter Mondale, former Senate majority leaders Mike Mansfield and Howard Baker, and former House Speaker Thomas Foley.

TOKYO 00000053 004 OF 010

In the last elections, the Democratic Party won both the Senate and House owing to the Obama boom. It has already been decided that Senator Daniel Inouye of Japanese origin would head the Appropriations Committee. The absence of persons desiring to take on the ambassadorial post is reportedly giving a boost to the planned appointment of the Japan expert.

In the event Nye declines the offer, it is rumored that the post would go to someone like former Secretary of Transportation Norman Mineta, a Japanese-American who held cabinet posts both under the Clinton and Bush administrations.

Consideration has been given to the criticism in Japan that Assistant Secretary of State Hill has slighted the abduction issue as a result of devoting himself to talks with North Korea. Campbell is expected to pay attention to overall East Asian affairs, including China and Japan. Whether he will succeed Hill as chief negotiator to the six-party talks is undecided.

As such, a post responsible for North Korean affairs, including talks with that country, will be established. The administration is considering giving the post to Wendy Sherman, a Clinton-era special advisor to the president, or to Hill.

Ambassador Schieffer, who has already announced his resignation, is scheduled to return to the United States before the Jan. 20 presidential inauguration.

5) Concern that war on terror in Afghanistan has bogged down

MAINICHI (Page 3) (Excerpts)  
January 9, 2009

President-elect Obama, who will be inaugurated on January 20, places the war on terror in Afghanistan as his major challenge on the diplomatic and security front. The Department of Defense last month announced a policy of doubling the number of U.S. military personnel stationed in that nation, boosting the number by another 30,000 troops. Obama, whose stresses dialogue even with enemies in his foreign policy, is expected to pursue Afghan policy with a carrot-and-stick approach. However, he is bound to be forced in managing the war on terror in Afghanistan to exercise caution so that it will not bog down. Whether he will succeed in his approach will likely have a major impact on the international situation.

Japan's contribution mainly through ODA; Dispatch of SDF personnel impossible at present; Government having difficulty deciding what approach to take

Following the Bush Administration's sounding out the Japanese government on what new contribution it might make, Tokyo dispatched a fact-finding mission to Afghanistan. However, the government later decided that it would be difficult to dispatch Self-Defense Forces personnel due to the deteriorating security situation. Once Barack Obama, who characterizes Afghanistan as the main battlefield for the war on terror, takes office as president, it is certain that Japan will be asked to make a new contribution to assist Afghanistan. The government is having difficulty deciding what approach it should make.

For this reason, the government intends to obtain understanding of the U.S. by proactively making contributions in the security and

TOKYO 00000053 005 OF 010

civilian sectors with a focus on official development assistance (ODA).

It has already made contact with persons involved in the new Obama administration. It is now making efforts to obtain their understanding, by underscoring Japan's achievements in extending assistance for the rebuilding of that nation, providing funds worth approximately 160 billion yen from September 2001 through September 2008.

6) Government to disburse 400 million yen as expenses to repair ISAF copters

YOMIURI (Page 2) (Full)  
January 9, 2009

The government has decided to disburse 3 million euro (about 400 million yen) to a trust fund set up in the North Atlantic Treaty Organization (NATO) as expenses to repair transport helicopters of the International Security Assistance Force (ISAF). The U.S. government has asked Japan to dispatch Self Defense Force's large-size transport planes as a contribution to the war on terror in Afghanistan, but the government hopes to obtain understanding about the alternative assistance from the international community.

The money from Japan will be used for overhauls to increase engine output, cope with dust, and to install telecommunication equipment and defensive shields to provide against possible attacks from the ground. According to the Foreign Ministry, the government will strictly check how the money will be used so that the funds will not be spent to support military operations and will be used only to repair helicopters.

The trust fund was set up in NATO last April at the proposal of Britain and other countries to collect funds to overhaul helicopters of the countries participating in ISAF. In Afghanistan, there are many mountainous regions, and land routes are dangerous due to the worsening security situation. Given this, helicopters are much in demand to transport goods and to ensure security. But many of them are old types that cannot be used depending on weather conditions.

7) Government sets policy principles for bill to crack down on piracy: No police authorities to MSDF; weapons-use standards to be eased

SANKEI (Page 2) (Excerpts)  
January 9, 2009

The government yesterday set the principles it will use in considering new legislation to deal punitively with acts of piracy in order to counter the harm to shipping being caused by pirates operating in the waters off Somalia and other places. A ruling parties' project team chaired by LDP lawmaker Gen Nakatani will hold its first meeting on Jan. 9 to start discussions, based on the set of policy principles. The policy principles are titled, "Basic Thinking on legislation to deal with acts of piracy, etc." The premises involved include not giving to the Maritime Self-Defense Force (MSDF) police enforcement authority to arrest and charge pirates and stationing Japan Coast Guard officers on board MSDF vessels. The project team will consider the easing of weapons-use standards that would allow shots to be fired at the pirate's vessel in a situation where the pirates have boarded a private ship.

TOKYO 00000053 006 OF 010

Gist of policy principles under consideration for the new law to deal with piracy:

Overview:

--The government's comprehensive maritime policy headquarters will set the basic policy course for dealing with piracy, and the MSDF, JCG, etc., will deal with this problem.

-- Based on the definition of piracy set by the United Nations Law of the Sea, pursuit of this crime will be enforced under Japanese law.

Weapons-use standards:

-- The Ministry of Defense has requested that since the (severely

limited) use of weapons under article 7 of the rules for police enforcement are insufficient, the use of weapons should include firing shots to inflict harm when such conditions exist as pirates having boarded a commercial vessel. This should be considered with full caution.

Anti-piracy operations:

-- Under the new law, it seems appropriate to include a provision allowing the dispatch of the Maritime Self-Defense Force by a cabinet decision or the like.  
-- There is a request from the Defense Ministry to give prior authority to the unit commander to handle the situation, but this request faces many challenges.

The authority of self-defense officials and JCG's burden-sharing role:

-- Self-defense officials are not police officers. It is appropriate to have the JCG officers on board MSDF vessels to have the authority for police enforcement.  
-- Preparations should be worked to enforce authority, such as detaining the pirates, taking away their weapons, etc., and handing them over to be prosecuted for the crime of piracy.

Other issues:

-- Operations in the territorial waters of other countries should be studied carefully, based on the UN resolution.  
-- In tandem with preparing the law, it is important for the central government to fully provide information to the private sector.

8) Japan-ROK future-oriented joint research project to be launched this month

TOKYO SHIMBUN (Page 1) (Slightly abridged)  
January 9, 2009

Eiji Chukuza, Seoul

A Japan-ROK future-oriented joint research project will be launched with a preparatory meeting this month, according to several Japanese and South Korean government sources. The project is designed for their experts to jointly study how to deal with international issues. Prime Minister Taro Aso will visit South Korea on Jan. 11 to meet with President Lee Myung-bak. During the meeting, the two leaders are expected to agree on the project.

Then Prime Minister Yasuo Fukuda and President Lee agreed in their meeting last April to start the joint research project, but the project had been up in the air since South Korea fiercely reacted to

TOKYO 00000053 007 OF 010

the Japanese government's designation of the Takeshima/Dokdo islets as Japan's territory in a teaching manual for middle schools. The start of the project marks the start of stable bilateral exchanges in a new age for Japan-ROK relations.

In the project, researchers of Japan and South Korea discuss a future vision for Japan-ROK relations. Keio University Professor Masao Okonogi will chair the Japanese group, while Seoul University Professor Ha Yong-son will be the chair of the Korean side.

9) Lower House Budget Committee meeting: Deepening gap over cash benefits with DPJ calling for scrapping the scheme, and prime minister insisting they are an economic stimulus measure; Ruling, opposition camps at odds over jobs, as well

NIKKEI (Page 2) (Excerpts)  
January 9, 2009

Full-fledged debate on the economy and employment kicked off at a Lower House Budget Committee meeting on January 8. The Democratic Party of Japan criticized the government for its delay in taking measures to address the worsening jobs situation and denounced the flat-sum cash handout program. Prime Minister Aso reiterated the effectiveness of handing out flat-sum cash benefits as a measure to stimulate the economy. He also hinted at a possibility of further revising the regulation on the dispatch of temporary workers.

However, the deep gap between the two sides could be seen in the acrimonious exchanges of criticism, all aimed at the next Lower House election.

The DPJ first made the fixed-sum cash benefit program costing 2 trillion yen a target for criticism. In view of erratic struggles by the government and the ruling parties over the program, DPJ President Naoto Kan pressed the prime minister, saying, "Why don't you remove the 2 trillion yen from the fiscal 2008 second supplementary budget draft and use that fund to create jobs, secure nursing-care personnel and make school buildings earthquake-resistant?"

However, the prime minister turned down Kan's demand for the retraction of the cash benefit program, saying, "It is an effective measure to trigger sustainable growth." When asked whether he will receive such benefits, Aso simply said, "The supplementary budget bill has yet to secure Diet approval. I will make up my mind when it is enacted." Concerning high income earners becoming beneficiaries, the prime minister stressed that their receiving benefits will lead to expanded consumption. He said, "It is correct to have high income earners to spend the benefits handsomely."

New Komeito Secretary General Kazuo Kitagawa, who spearheaded the effort to adopt the program, during a question session by the ruling parties stood behind the prime minister, saying, "The government wants to shore up the economy, by generating personal consumption, a main pillar of domestic demand."

The prime minister, however, had to touch on a possible delay in the actual handout of the benefits due to slow preparations. He said, "I would like to deliver the benefits before the end of the fiscal year. However, it is questionable whether all municipalities can do so without fail."

Another point at issue was employment. Kan questioned the prime

TOKYO 00000053 008 OF 010

minister: "An overwhelming proportion of those whose employment contracts were terminated are from the manufacturing sector. They lost jobs without a safety net. Was it a right decision to approve the dispatch of temporary workers to the manufacturing sector?"

Following the sharp decline in the employment situation mainly among nonpermanent workers, the prime minister hinted at looking into revising the regulation on the dispatch of nonpermanent workers to the manufacturing sector in the future.

A bill amending the Worker Dispatch Law, which, in principle, bans the dispatch of day workers, was submitted to the previous extraordinary Diet session and has been carried over to the next session. It is a custom for the government not to refer to a further amendment before the bill is enacted. Though Aso steered clear of mentioning a specific measure, he ventured to make that comment as his personal viewpoint.

10) Aso: Cash handouts within this fiscal year difficult

TOKYO SHIMBUN (Top Play) (Slightly abridged)  
January 9, 2009

Prime Minister Taro Aso indicated yesterday that it would be difficult to implement this fiscal year the cash handout plan that is included in a second supplementary budget for fiscal 2008. Aso said during a question-and-answer session of the House of Representatives Budget Committee: "Although I hope cash benefits will be handed out within this fiscal year, it is questionable whether all local governments will be able to distribute the cash to all qualified recipients."

Asked about whether high-income earners should receive the benefits, Aso replied: "That will be left to the judgment of the individual. I expect those who receive the cash to freely spend money." To a question about whether he would accept the cash, he just answered: "I will make a decision in the future."

Regarding the opposition camp's request for regulations on the dispatch of workers to manufacturers, Aso stated: "The form of regular employment is desirable for the manufacturing industry. There are various arguments, so it is necessary to discuss the issue."

But he added: "There are 460,000 temporary workers in the manufacturing industry. An immediate introduction of regulations under this situation will inevitably have a great influence on them." He took a cautious view about a rapid response.

When asked about the practice of bureaucrats who moved to a quasi-government or private firm after retirement and then left the company with a retirement allowance for another lucrative job in different organization, Aso said the government will not allow government agencies to help retired officials to find jobs, remarking: "A decision has been made to ban the practice in principle." On the proposed removal of a government ordinance that "allows such a practice if absolutely necessary," he expressed a cautious view.

11) Prime minister announces ban in principle retired senior bureaucrats switching from one organization to another

TOKYO 00000053 009 OF 010

NIKKEI (Page 2) (Full)  
January 9, 2009

Referring to retired bureaucrats switching from one organization to another and gaining large amounts of retirement benefits, Prime Minister Taro Aso at a Lower House Budget Committee meeting on January 8 noted that the government intends to abolish, in principle, a regulation allowing such a practice. He stressed that the government would adopt a strict stance when approving the outplacement of retired bureaucrats by their ministries or agencies. He made this reply in response to a question asked by Democratic Party of Japan member Yoshito Sengoku.

Sengoku made an issue of the government ordinance allowing job-placement service over and over, as adopted at a cabinet meeting late last year, Sengoku sought the scrapping of that ordinance. The prime minister turned down his request, saying, "I have no intention of abolishing it immediately." He asked for cooperation from the DPJ over the Diet-approval-requiring appointments of members of the Reemployment, Etc., Monitoring Committee tasked with monitoring golden parachute practices by retired bureaucrats.

12) LDP administrative reform panel to convey regret for approval of watari to government

MAINICHI (Page 5) (Full)  
January 9, 2009

In a meeting yesterday of the ruling Liberal Democratic Party's (LDP) Administrative Reform Promotion Headquarters, views were presented in succession that the government ordinance that allows the prime minister to approve the practice of ministries and agencies arranging watari for retired bureaucrats -- the practice of switching from one cushy job to another at government-affiliated agencies and private-sector companies over which the former officials had oversight responsibilities -- should be scrapped. The panel, chaired by Koki Chuma, former state minister in charge of administrative reform, decided to convey its regret to government.

In the meeting, former Administrative Reform Minister Yoshimi Watanabe asserted: "The ordinance that allows watari is unacceptable." Senior Deputy Secretary General Nobuteru Ishihara sided with him, saying: "It is regrettable that such an important ordinance was adopted without going through the party's procedures. I will convey our regret to the government."

13) Watanabe likely to leave LDP on Jan. 13

SANKEI (Page 5) (Full)  
January 9, 2009



Yoshimi Watanabe, former state minister in charge of administrative reform, told reporters yesterday: "It is difficult for Prime Minister Taro Aso to get rid of the amakudari (golden parachute) practice. I will consider today the timing for my resignation from the party." He may be leaving the Liberal Democratic Party (LDP) as early as Jan. 13. Watanabe will submit to the prime minister demands for: 1) the complete abolition of the practice of ministries or agencies arranging watari for retired bureaucrats -- the practice of switching from one cushy position to another in the private sector; and 2) the cancellation of the government ordinance that allows the prime minister to approve the practice of ministries and agencies

TOKYO 00000053 010 OF 010

arranging amakudari for retiring senior bureaucrats.

When asked by reporters about how he would respond to the fiscal 2008 second supplementary budget when the budget bill would be put to a vote in a plenary session of the House of Representatives slated for Jan. 13, Watanabe just said: "I haven't decided yet."

Yesterday Watanabe suddenly sat in a House of Representatives Budget Committee meeting. Referring to Aso's reply to a question about reform of the national civil servant system, Watanabe told the press corps:

"I now realize that it will be difficult for Mr. Aso to get rid of amakudari. I have made efforts on behalf of the LDP but I wonder what the prime minister is doing. His replies are the same as those by bureaucrats. He is giving a helping hand to bureaucratic tyranny. I have no choice but to raise my hands in surrender."

Watanabe previously presented to Aso a list of seven requests, including one calling for scrapping the system allowing the prime minister to approve the practice of ministries and agencies arranging reemployment for retiring bureaucrats. He has said: "If my requests are not considered swiftly and sincerely, I will quit the party."

SCHIEFFER